

capital available to businesses owned by minority or disadvantaged individuals to fulfill contracts awarded by any level of government (Chapter 879, Acts of 1978). The Authority does not compete with private lending institutions since it must be assured prior to the granting of a loan that private capital is not available and loans are made at the prevailing market rate. Recipient firms, historically small in size and brief in experience, are usually considered "high risk" businesses by the private lender. The functions of the Authority relate entirely to federal, State, and local contracts. The Maryland Small Business Development Financing Authority is governed by five appointed directors, in addition to the Secretary of the Department of Economic and Community Development and either the State Treasurer or Comptroller.

MARYLAND INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY (MIDFA)

Chairperson: James C. Johnson, 1983

Vice-Chairperson: Patricia B. Bissell, 1984

Ex officio members: James O. Roberson, *Secretary of Economic and Community Development*; William S. James, *State Treasurer*

Appointed members: Nicholas F. Mueller, 1980; J. Michael McWilliams, 1981; Thomas H. Mullaney, 1982; Richard N. Dixon, 1984; *one vacancy.*

Oliver H. Fulton, *Executive Director and Secretary*

John G. Fitzpatrick, *Associate Director and Assistant Secretary*

Judith S. Waranch, *Assistant Attorney General—Counsel*

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The Maryland Industrial Development Financing Authority (MIDFA) was created by the General Assembly of 1965 (Chapter 714, Acts of 1965) for the purpose of aiding the financing of business enterprises seeking to locate or expand their operations in Maryland. MIDFA consists of

a nine-member Authority, seven of whom are appointed by the Secretary of Economic and Community Development with the approval of the Governor. The Secretary of Economic and Community Development or his designee, and either the State Treasurer or Comptroller of the Treasury (as chosen by the Governor), serve as ex officio members. The Authority elects its own officers and appoints an Executive Director who serves as Secretary.

By approving mortgage loans made by private lenders, MIDFA enables companies to obtain loans at a higher percentage of project cost, at a lower interest rate, and for a longer term than is normally available from conventional sources. Land, buildings, and equipment can be financed through this program. A company seeking MIDFA's assistance must generally qualify in each of three basic requirements: legal eligibility, economic impact, and credit worthiness.

To be legally eligible, a company must be engaged in one of the following types of business activity: manufacturing; warehousing of manufactured, agricultural, or seafood products; research and development; certain tourist and convention facilities; mercantile, retail, or service facilities that primarily serve out-of-state markets; office buildings for corporate headquarters or regional offices; certain port improvements and public use, privately owned, airport facilities; gasohol; and racetracks or sports arenas. Each project or activity seeking loan assistance must hold promise for resulting in substantial economic impact on Maryland and the community where the project is located. The number of new jobs to be created, the generation of taxes, and meeting local community needs are primary considerations. Additionally, the overall financial condition of the company, as well as the value of collateral securing the loan, is important. The faith and credit of the State of Maryland are not pledges for the repayment of the loan.

MIDFA has a dual function: first, it approves loans for tax-exempt financing; and second, it insures a portion of the loan. Usually the two functions are combined, but in some instances a company may request approval for tax-exempt status but the lender will not require insurance. MIDFA is permitted to insure any portion of the loan up to 90 percent of the cost of the land and buildings and up to 70 percent of the cost of equipment. The loan, however, may be made up to 100 percent of eligible costs. The total amount of the insured portions of the MIDFA loans outstanding cannot exceed an amount equal to five times the balance in MIDFA's Industrial Project Mort-